

XINGDA INTERNATIONAL HOLDINGS LIMITED
興達國際控股有限公司
(HKEx stock code: 1899)

2009 Interim Results Corporate Presentation



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Agenda

- ❖ **Financial Review**
- ❖ **Business Overview**
- ❖ **Outlook & Strategies**



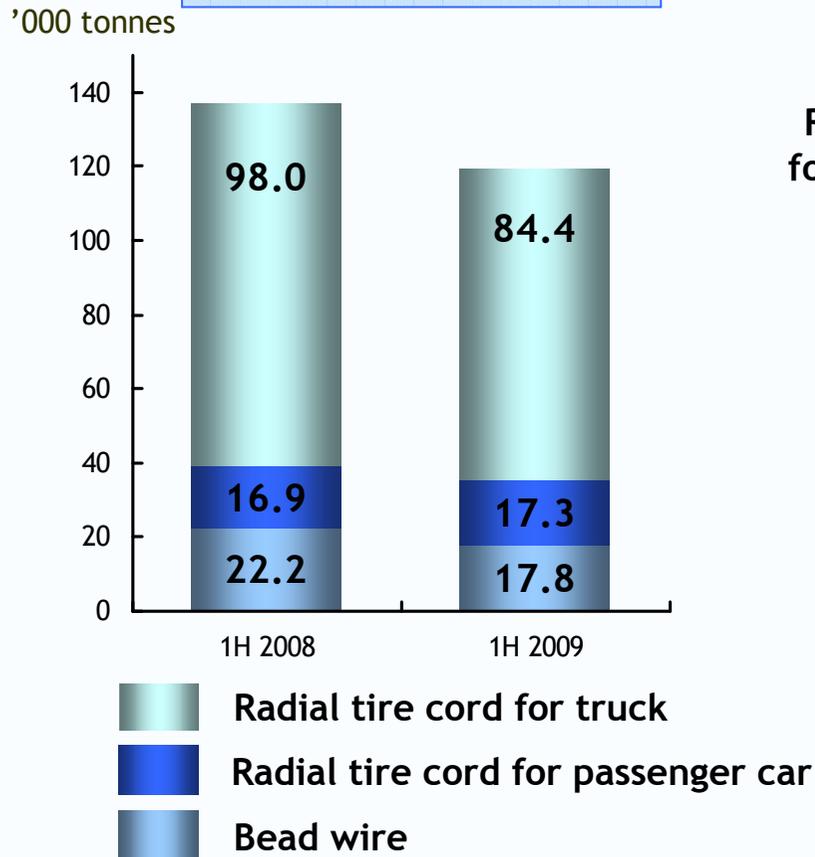
Financial Review

Financial Highlights

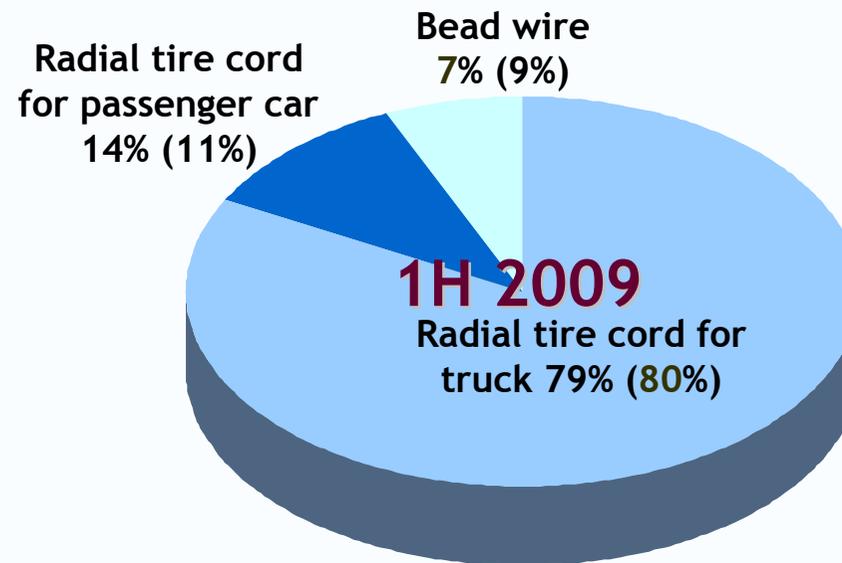
<i>RMB'million</i>	For the six months ended		Change
	30 June		
	2008	2009	
Revenue	1,775	1,527	-14.0%
Gross profit	476	385	-19.1%
Gross profit margin	26.8%	25.2%	-1.6%pts
EBITDA	486	462	-4.9%
EBITDA margin	27.4%	30.3%	+2.9%pts
Profit attributable to owners of the Company	239	201	-15.9%
Basic EPS (<i>RMB fen</i>)	17.22	14.49	-15.9%
Diluted EPS (<i>RMB fen</i>)	13.76	14.40	+4.7%
Profit attributable to owners of the Company BEFORE CB adjustment & non-operating FX difference	224	203	-9.4%

Revenue Analysis

Shipment by product



Revenue by product



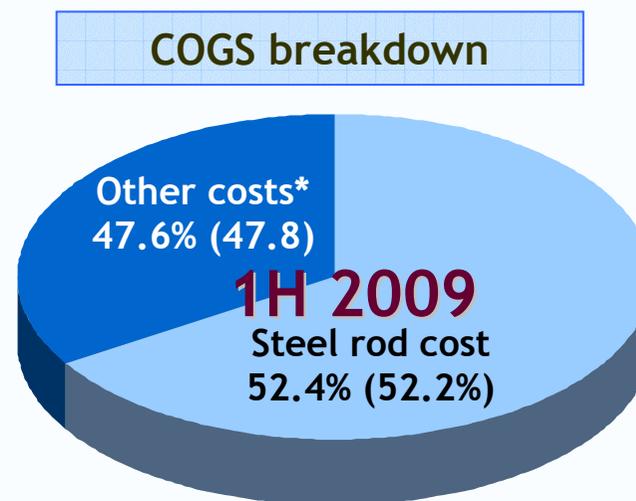
Figures of 1H 2008 in brackets

For the six months ended 30 June



Cost of Sales

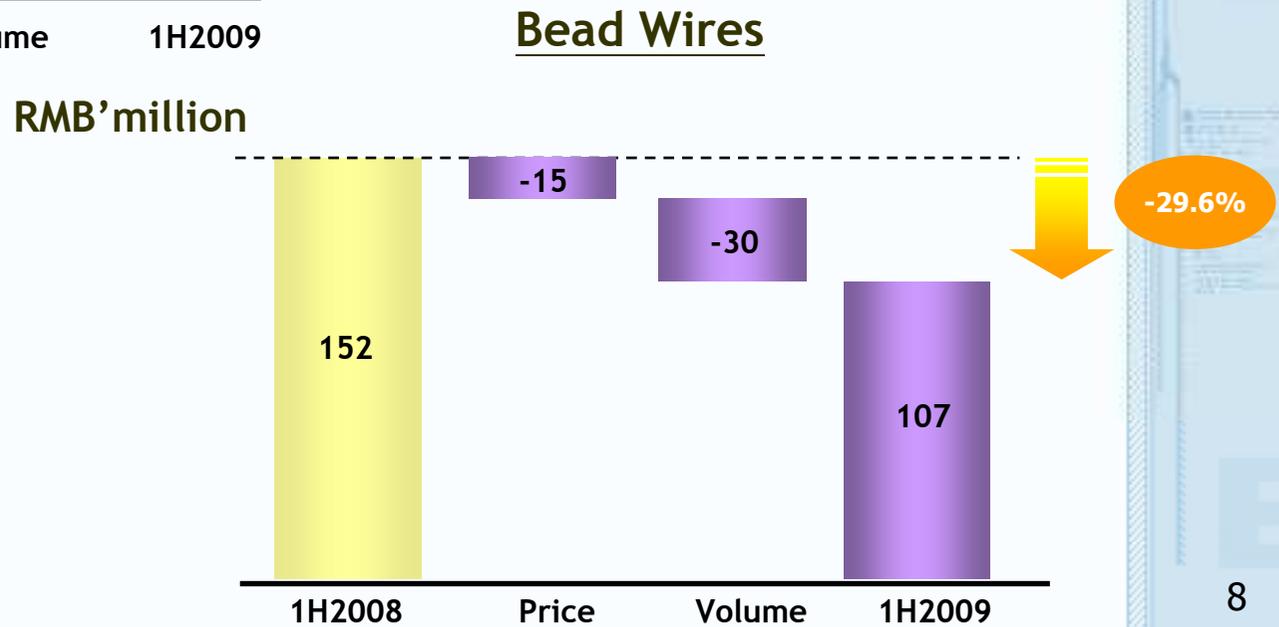
- ❖ Steel rod cost accounted for 52.4% of the total COS (1H 2008: 52.2%)
- ❖ Major changes in COS include:
 - ❖ Steel rod cost per tonne dropped 12% YOY
 - ❖ Direct labor cost per tonne dropped 26% YOY
 - ❖ Domestic steel rods contributed over 78% (1H 2008: 72%) of the total steel rods consumption



For the six months ended 30 June
**Other costs include other raw materials, depreciation, labor, electricity and other costs*

Domestic steel rods still remained competitive against imported one

Revenue Change Drivers



Key Figures

	As at 31 Dec 08	As at 30 Jun 09
Cash on hand (RMB'mil)	446.0	725.3
Current ratio (times)	1.52	1.41
Trade receivable turnover days*	78 days	113 days
Trade payable turnover days	33 days	28 days
Inventory turnover days	73 days	51 days
Net debt to equity (%)	24.7%	24.5%

**Adjusted for the value-added tax effect*





Business Overview

Highlights

❖ **Maintain market share in China**

- ❖ Maintain leading position in China and is one of the world largest independent radial tire cord manufacturers

❖ **Achieved satisfactory results**

- ❖ Manage to achieve satisfactory results under economy turmoil and global financial crisis
- ❖ Sales ordered resumed driven by strong domestic radial tire demand in 2Q 2009

❖ **GP margin maintained (major products)**

- ❖ Success in reasonably adjust average selling prices of products to match with raw material cost to maintain fairly stable GP margin

Sustainable Industry Growth

❁ Exponential automobile demand in China

- ❁ China became the second largest automobile manufacturer in the world surpassing the USA
- ❁ Total no. of truck grew YOY of 16.5% to 1.10 million units in 1H 2009
- ❁ Total no. of passenger cars rose YOY by 21.6% to 3.24 million units in 1H 2009
- ❁ Strong growth momentum in recent years translated into strong replacement market demand in present and the future

❁ Increasing budgets and higher quality expressways in China

- ❁ Subject to 11th Five Year Plan (2006-2010) with priority given to transportation sector

❁ Fastened radialization rate

- ❁ Increasing cost of rubber shifted demand from bias tire to radial tire
- ❁ Radialization rate reached over 70% in 1H 2009
- ❁ Forecast to reach 80-90% in 2010 and close to 100% by 2015*



* by China Rubber Industry Association's statistics and forecast

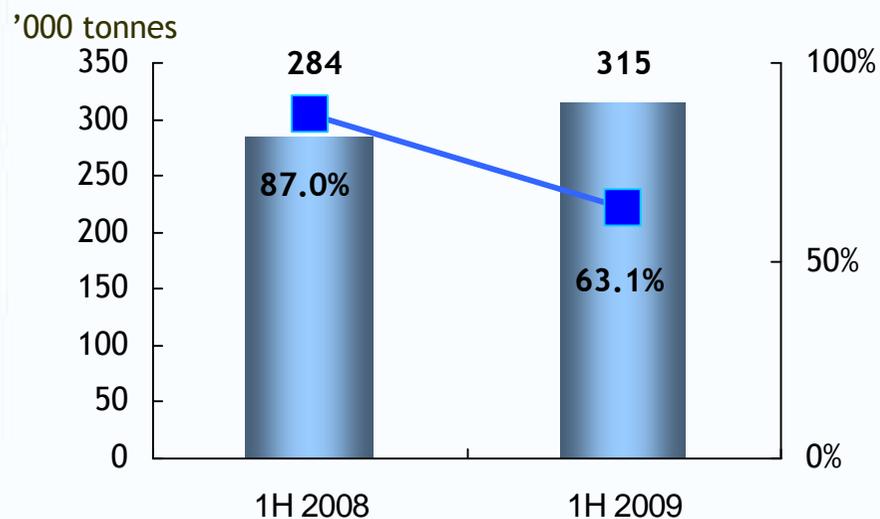
Opportunities in PRC

- ❖ Well position to capture opportunities in PRC market arising from global economic downturn
 - ❖ PRC launched RMB4 Trillion Infrastructure Project and injected new vigor into 10 pillar industries, including construction and infrastructure projects, to drive domestic demand
 - ❖ Implementation of automobile stimulus package by provincial and city governments
 - ❖ Accelerated migration of overseas tire production base to China
 - ❖ Sustainable strong outsourcing demand from international tire manufacturers aiming for better cost effectiveness
 - ❖ Oust weaker players and hasten market consolidation
- ❖ Real radial tires demand existed in 2Q 2009
 - ❖ With reference to the China Rubber Industry Association, radial tires output in China from January to June 2009 rose 17% YOY to approximately 158 million units

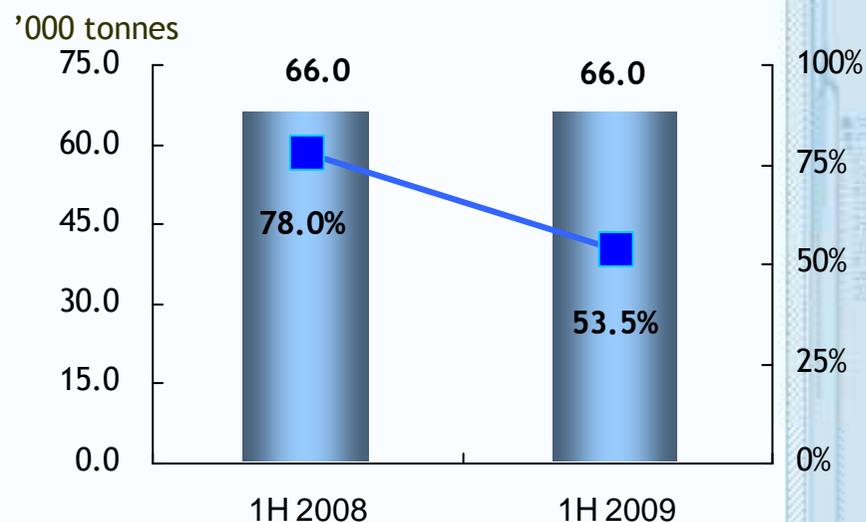
Maximize Utilization

- ❖ Expansion plan of No. 8 Factory nearly fully carried out
- ❖ Production capacity for radial tire cords increased by 10.9% YOY in 1H 2009 while bead wires remain unchanged
- ❖ Overall utilization rate decreased from 86.0% in 1H 2008 to 61.4% in 1H 2009

Radial tire cords
capacity & utilization rate



Bead wires
capacity & utilization rate



For the six months ended 30 June



Effective Cost Control

- ❖ Strengthened pricing strategy
 - ❖ Ability to shift a reasonable part of the increased cost to customers
 - ❖ Flexible to adjust ASP of both radial tire cords and bead wires to match with the change in cost of steel rod
- ❖ Advanced supply chain
 - ❖ Tightened relationship with suppliers to secure stable steel rod volume
 - ❖ Increased consumption of local steel rod to lower overall raw material cost
 - ❖ Adopted bulk purchase to obtain lower steel rod price



Outlook & Strategies

Future Blueprints

❖ China market as core focus with gradual overseas expansion

- ❖ Stabilize market share in China top-rank tire manufacturers
- ❖ Strengthen relationship with those global tire manufacturers have production facilities in China
- ❖ Secure more overseas tire manufacturers as its long-term customers
- ❖ Maintain utilization rate at a high level by cautiously adjust capacity expansion plan
- ❖ Seek for acquisition opportunities from industry consolidation

❖ Expects sales and gross profit margin to be improved in 2H 2009

- ❖ Sales increased in July and August 2009 and more sales orders obtained in September 2009
- ❖ Raw material costs pressure will be eased as steel rods with higher costs has been entirely consumed
- ❖ Confident in both top and bottom line growth through enhancing economy of scale and cost control



Future Strategies

- ❖ Keep track of market demand and carry out expansion plan as appropriate
- ❖ Bring in new facilities to improve production efficiency
- ❖ Develop new products and production craftsmanship
- ❖ Stringent cost control on production and raw material, especially steel rods
- ❖ Remain pragmatic and prudent under worldwide recession



Open Forum

